



# COUNTY OF LOS ANGELES

## CHIEF INFORMATION OFFICE

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March 21, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair  
Supervisor Don Knabe, Chair Pro Tem  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

From: Jon W. Fullinwider   
Chief Information Officer

Subject: **HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT  
(HIPAA) TASK FORCE – STATUS AS OF MARCH 21, 2003**

### COUNTYWIDE HIPAA COMPLIANCE STATUS

**YELLOW - MODERATE RISK OF  
NON-COMPLIANCE**

During the Board meeting of June 19, 2001, the Board directed the Chief Administrative Officer (CAO) and the Chief Information Officer (CIO) to report quarterly on the County's efforts and progress in becoming compliant with the Health Insurance Portability and Accountability Act of 1996 (HIPAA). While we will continue to provide quarterly reports, a key date related to Privacy compliance is rapidly approaching. HIPAA Privacy Rules will become effective on April 14, 2003. In light of this key milestone and the large commitment required by the affected departments to ensure compliance, we will provide the Board with bi-weekly updates on the progress being made to comply with this requirement. A secondary part of the status report will focus on the County's continuing efforts to become compliant with the electronic exchange of information under the Transactions and Code Sets provisions of HIPAA. In this context, the County must begin testing by April 16, 2003, with the intent of being fully compliant by October 16, 2003.

Since the last status report, the County has shown significant progress in the areas of HIPAA Privacy and Transactions and Code Sets. The overall status has improved from "RED" to "YELLOW" in regards to achieving compliance by the established dates. While there are still outstanding tasks, the overall rate of execution is very good.

DHS has submitted documentation reflecting that they have trained in excess of 13,000 staff. In light of this new information, my office delayed the March 14<sup>th</sup> status report to provide the Department of Health Services (DHS) the opportunity to enter this information into the online tracking system. While DHS has not completed entering all the training documentation received, it is generally felt that DHS has made significant gains in their privacy training and will be close to full compliance by April 14<sup>th</sup>. In this context, DHS has established a goal to have at least 85% of its workforce trained by April 14, 2003 with the remaining 15% completed within the following thirty days.

The Department of Mental Health (DMH), through its ongoing instructor-led training program, continues to make progress with 67% of their workforce having completed privacy training.

Probation's Kirby Center (Kirby) training has shown significant progress. To date, they are 66% complete. It is anticipated that Kirby will complete the remainder of its training before April 14, 2003.

Recent discussions with management from DHS' Office of Managed Care (OMC) verified that OMC administers a federally licensed health plan, which is subject to the HIPAA Privacy Rules. This finding expands DHS' HIPAA coverage to include the roles of both a health care provider as well as a health plan. The most significant impact of this finding is that OMC must finalize and distribute Notices of Privacy Practices, which must be mailed to approximately 160,000 health plan members before April 14, 2003.

DHS is making notable progress in finalizing its privacy documents. The privacy document review and approval process was streamlined in early February for DHS to expedite their completion. To date, approximately, 23 of 46 documents have been finalized.

DMH continues to make progress towards finalizing privacy policies, procedures and forms. It has finalized 37 of the 42 identified primary privacy documents and is working to complete the remaining documents. DMH has also submitted its Notice of Privacy Practice to a commercial printing contractor to have the Notice translated into Spanish in support of their Spanish-speaking clients. DHS has a similar requirement and has also stated that it will submit its Notices for Spanish translation as well.

As mandated by HIPAA, DHS and DMH are required to submit contracts and purchase order amendments to identified business associates before April 14<sup>th</sup>. The business associate amendment provides additional confidentiality requirements to the business partners that receive protected health information (PHI) on the covered departments' behalf. To date, DMH has stated that they have submitted 200 of the 265 required



amendments. DHS plans to submitted all of its 87 contract amendments during the week of March 24<sup>th</sup> and plans to begin submitting its estimated 200 purchase order amendments by April 1, 2003.

The Interdepartmental MOU initiative has been progressing with excellent support and cooperation from all covered departments and the MOU departments (CAO, Internal Services Department [ISD], County Counsel [Counsel], Auditor-Controller [A-C] and Treasurer-Tax Collector [TTC]). The supporting Board Letter and the associated MOU Form were filed on March 13<sup>th</sup> and will be heard on the March 25, 2003 Board Agenda. Upon approval of the Board Letter on March 25th, the respective departments will complete and sign the MOUs by April 3, 2003.

While DHS still intends to outsource the administrative functions of their OMC administered Community Health Plan (CHP), they have opted to implement their back-up plan. This plan requires working with the vendor providing CHP's existing Managed Health Care Information System to develop modifications to the system that will allow them to begin transaction testing on or before April 16, 2003. DHS' Alcohol and Drug Division is preparing a contract amendment to use HMS, the same clearinghouse as Public Health, to support their TCS requirements.

#### **ACCOMPLISHMENTS**

1. The Interdepartmental MOU Board Letter was filed on March 13, 2003 and will appear on the March 25, 2003 Board Agenda;
2. DMH has submitted 200 of its 265 Business Associate amendments;
3. DMH has exceeded its goal of completing over 90% of its privacy documents by March 21<sup>st</sup>, 2003; and
4. DHS has trained more than 13,000 employees and are updating their records in the LMS.

#### **ISSUES REQUIRING MANAGEMENT ATTENTION**

None to report.

#### **IMPACT OF NON-COMPLIANCE**

In the event the County fails to meet HIPAA compliance directives, there can be monetary and criminal penalties imposed. The maximum penalties include up to

\$250,000 in fines or up to 10 years imprisonment. Additionally, the County may be held liable for breaches of privacy and resulting lawsuits. The related publicity would embarrass the County and damage its public image in regards to our management of healthcare information. After October 16, 2003, any department that cannot generate HIPAA compliant electronic transactions will either have to submit paper-based transactions or delay the submission of the transaction until they are in compliance. The County could revert back to paper-based Medi-Cal claim submission, however, the State's limited ability to process the huge volumes of claims would have a significant impact on DHS's and DMH's cash flow. This would further burden the County's already stressed healthcare organizations.

The attached color-coded chart identifies the metrics for monitoring DHS, DMH and the Dorothy Kirby Center's progress in achieving compliance with the HIPAA rules. A "RED" status indicates the project or task is significantly behind with a high potential of not meeting compliance dates. A "YELLOW" status indicates that the project or task is behind schedule, however, it has not yet reached the point of being classified as "RED" and there is a clear near term effort to ensure the project or task is completed within the specified timeframe. A "GREEN" status indicates that the project or task is on schedule with a high degree of confidence that it will be completed within the specified timeframe.

If you have questions or require additional information, please contact me at (213) 974-2008.

JWF:GD:ygd

Attachment

c: Chief Administrative Officer  
Director, Department of Mental Health  
Director, Department of Health Services  
Chief Probation Officer  
County Counsel  
Internal Services Department  
Auditor-Controller  
Treasurer and Tax Collector



HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY (HIPAA)

Privacy Rules (Compliance Date April 14, 2003)				
	Department of Health Services	Department of Mental Health	Probation – Kirby Center	Overall County Status
Privacy Training	Total to be Trained: 25,500 Trained to Date: 4,848 reflected in tracking system DHS Trained Based on Formal Documentation: 13,000+ Change Since Last Report: 4,204 Planned for next period: 4,167	Total to be Trained: 2,784 Trained to Date: 1,920 Change Since Last Report: 492 Planned for next period: 288	Total to be Trained: 155 Trained to Date: 73 Change Since Last Report: 73 Planned for next period: 27	Total to be Trained: 155 Trained to Date: 73 Change Since Last Report: 73 Planned for next period: 27
Comments	1. The statistics referenced above indicate each department's documented status in completing required HIPAA Training and updating the learning management system (LMS) with completed course information.			
	1. DHS has trained in excess of 13,000 staff. DHS is actively transferring the completed training information into the online tracking system.  2. DHS' is still verifying their medical students and volunteers to ensure that they are all trained and added to the automated LMS for tracking.	1. DMH continues to show progress towards completing its training requirements.	1. Kirby is now showing progress towards training completion. They have submitted additional training data that will indicate over 100 members trained by next report.	
Publication of Privacy Policies, Procedures and Forms	No. of Documents Required: 46 No. of Documents Finalized: 23 Change Since Last Report: 14	No. of Documents Required: 42 No. of Documents Finalized: 37 Change Since Last Report: 19		No. of Documents Required: 88 No. of Documents Finalized: 60 Change Since Last Report: 33
	1. The CIPO, in concert with the Departmental Privacy Officers, are developing County Privacy Policies and Procedures to comply with HIPAA Privacy rules. These policies and procedures must be adopted and distributed within the affected departments no later than April 14, 2003			
Comments	1. To date, 23 documents have been finalized. The remaining documents in are development and/or review with outside counsel.  2. During this reporting period the Office of Managed Care's Community Health Plan was identified to be subject to the health plan provision of the HIPAA regulations. This requires the development, publication (in English and Spanish) and mailing of 160,000 Notices of Privacy Practices to its members before April 14, 2003.	1. DMH has completed over 90% of its privacy documents.		

Privacy Rules (Compliance Date April 14, 2003)				
	Department of Health Services	Department of Mental Health	Probation – Kirby Center	Overall County Status
<b>Business Associate Amendments</b>	No. of Amendments Required: 287 No. of Amendments Submitted: 0 Target Completion: March 31, 2003  (*) This is a combined contract and purchase order count.	No. of Amendments Required: 265* No. of Amendments Submitted: 200 Target Completion: March 31, 2003  (*) This is a combined contract and purchase order count.	No. of Amendments Required: NA* No. of Amendments Submitted: NA Target Completion: March 31, 2003  (*) All Business Associate Amendments are included in the DMH count.	No. of Amendments Required: 552 No. of Amendments Submitted: 200 Target Completion: March 31, 2003
	1. DHS plans to mail the amendment language to the 87 contract providers during the week of March 24, 2003.  2. DHS needs to continue to identify all of its Purchase Orders (POs) that require Business Associate (BA) amendment. The proposed plan indicates that the BA amendments for POs will be submitted by April 1 <sup>st</sup> , 2003.	1. DMH has submitted 75% of their Business Associate Agreements since the last report.		
<b>Interdepartmental MOUs</b>	No. of MOUs Required: 5 No. of MOUs Executed: 0 Target Completion: March 31, 2003	No. of MOUs Required: 5 No. of MOUs Executed: 0 Target Completion: March 31, 2003	No. of MOUs Required: 5 No. of MOUs Executed: 0 Target Completion: March 31, 2003	No. of MOUs Required: 5 No. of MOUs Executed: 0 Target Completion: March 31, 2003
<b>Comments</b>	The CIPO has been meeting with the three HIPAA covered departments and the five County Departments (CAO, Counsel, Auditor, Treasurer and ISD) regarding the MOU development process. This involves identifying what PHI is being exchanged, who is receiving it and how it is being safeguarded. All significant PHI data has been received to determine the flow of PHI between the Departments. The CIO has filed the Board Letter for approval of the MOU form and the associated Administrative Dispute Resolution Process on the March 25, 2003 Board Agenda. Once the Board approves, the Departments are expected to sign the MOUs by April 3, 2003.			



Transactions and Code Sets (TCS) Rules  
(Test Date: April 16, 2003)

System Modifications/ Version Upgrades	Department of Health Services					Department of Mental Health  System Development & Implementation	Probation – Kirby Center  (Dependent on DMH Integrated System)	Overall County Status  Overall County compliance is dependent on a variety of compliance strategies.		
	Hospitals/Clinics		Upgrade							
	Public Health		Outsourcing							
	Cal. Children's Services		Paper							
Comments	Alcohol and Drug		Outsourcing			DMH has a contractor developing an Integrated System, which will allow the department to achieve HIPAA TCS compliance. As validated in a meeting on March 12, 2003, the contractor and team confirmed that the project plan is on schedule to meet the April 16, 2003 testing deadline.	The Kirby Center's compliance is dependent on the DMH project. DMH processes all Kirby transactions.	Those organizations that are modifying systems or contracting out the function to achieve TCS compliance must maintain very tight timelines to achieve this goal.		
	OMC/CHP		Modification/Outsourcing							
	DHS' hospitals and clinics are using a commercial Hospital Information System (HIS) by QuadraMed, Inc. Their M1 version upgrade includes all the required updates to capture required data.									
	DHS' Public Health has modified their applications and are also preparing to process covered transactions manually.									
Transaction Testing Begun?	California Children's Services (CSS) will continue to be transacted via paper.					NO	All systems have not started testing.			
	Alcohol and Drug (A&D) is preparing a contract amendment to use HMS, the same clearinghouse of Public Health, to support their TCS requirements.									
	The Office of Managed Care (OMC) has opted to implement their backup plan for implementing their TCS requirements. Their Community Health Plan (CHP) is working with a vendor for its existing Managed Health Care Information System to develop modifications to the system that will allow them to begin testing. Two trading partners have recently been identified to support their testing requirements.									
	Hospitals/Clinics									
Comments	YES		Public Health		CSS		A&D		OMC/CHP	
	NO		NA		NO		NO		NO	
1. HIPAA TCS Rules require each provider to begin testing of their covered transactions by April 16, 2003. The State of California is their largest "trading partner" (payer). 2. The Chief Information Officer has coordinated a meeting with the State Office of HIPAA Implementation (OHI) to address a list of questions from the cover departments. The questions were sent to the Director of OHI and the meeting is scheduled for early April 2003.										